

# Data Mining Exam

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# Clustering

## Introduction



**Clustering** is a way to categorize data to impose structure.

A use case is recommender systems (Amazon, Spotify, Netflix), where a user is recommended items that bought/listened to/watched by other users with similar interests.

# Clustering

## K-Means Optimization Problem

Given  $D = (x_1, \dots, x_n)$  where  $x_i \in \mathbb{R}^p$ ,  $K \in \mathbb{N}$  and let  $C_1, \dots, C_K$  denote different groups of the  $x_i$ 's.

The K-Means algorithm tries to solve

$$\min_{C_1, \dots, C_K} \left\{ \sum_{k=1}^K W(C_k) \right\}, \quad (1)$$

where  $W(C_k)$  denotes the **within cluster variation**, in other words the dissimilarity of the group.

The most common dissimilarity measure is the squared Euclidean distance

$$W(C_k) := \frac{1}{|C_k|} \sum_{i, i' \in C_k} \sum_{j=1}^p (x_{i,j} - x_{i',j})^2. \quad (2)$$

# Clustering

## K-Means Optimization Problem

If we by  $\bar{x}_{k,j} = \frac{1}{|C_k|} \sum_{i \in C_k} x_{i,j}$  denote the mean value of the  $j$ 'th dimension in cluster  $k$ , it can be shown that

$$\frac{1}{|C_k|} \sum_{i, i' \in C_k} \sum_{j=1}^p (x_{i,j} - x_{i',j})^2 = 2 \sum_{i \in C_k} \sum_{j=1}^p (x_{i,j} - \bar{x}_{k,j})^2. \quad (3)$$

If we further note that  $\bar{x}_{k,j} = \min_{\mu_k} \left\{ \sum_{i \in C_k} \sum_{j=1}^p (x_{i,j} - \mu_k)^2 \right\}$  this implies that the optimization problem in (1) can be rewritten as

$$\min_{C_1, \dots, C_k, \mu_1, \dots, \mu_k} \left\{ \sum_{k=1}^K \sum_{i \in C_k} \sum_{j=1}^p (x_{i,j} - \mu_k)^2 \right\}. \quad (4)$$

# Clustering

## K-Means Algorithm



The K-Means algorithm is now able to exploit the new formulation of the optimization problem and iteratively solve for  $\{C_1, \dots, C_k\}$  and  $\{\mu_1, \dots, \mu_k\}$ .

This makes K-Means a greedy algorithm because, in each iteration it chooses optimal values for  $\{C_1, \dots, C_k\}$  and  $\{\mu_1, \dots, \mu_k\}$ .

Convergence of the algorithm is therefore ensured, however we cannot guarantee it will find the global optimum.

# Clustering

## K-Means Algorithm



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### Algorithm 1: K-Means

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```
1  Assign each observation to a cluster randomly
2  foreach Cluster do
3      |   Compute the centroid
4  foreach Observation do
5      |   Compute distance to all centroids
6      |   Assign to the closest
7  while Centroids have not changed since last iteration do
8      |   foreach Observation do
9          |   Compute distance to all centroids
10         |   Assign to the closest
11         foreach Cluster do
12             |   Compute the centroid
13 return Clusters
```

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# Clustering

An example of the K-Means algorithm

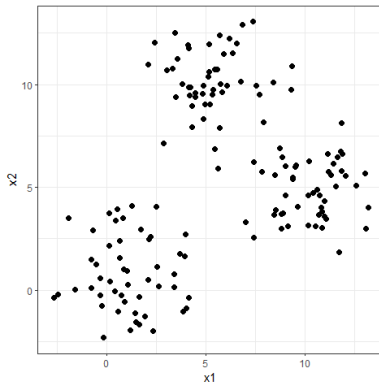


Figure: Iteration 01

# Clustering

An example of the K-Means algorithm

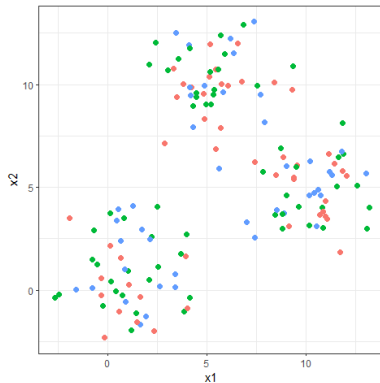


Figure: Iteration 02



# Clustering

An example of the K-Means algorithm

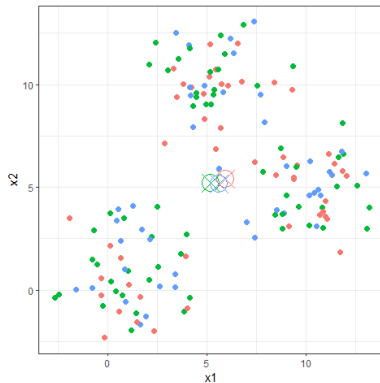


Figure: Iteration 03

# Clustering

An example of the K-Means algorithm

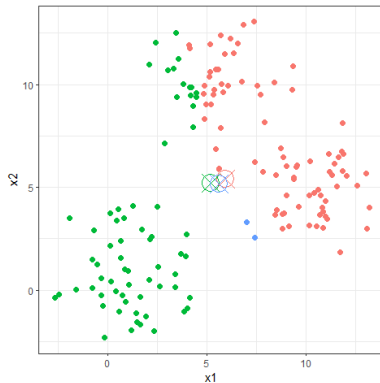


Figure: Iteration 04

# Clustering

An example of the K-Means algorithm

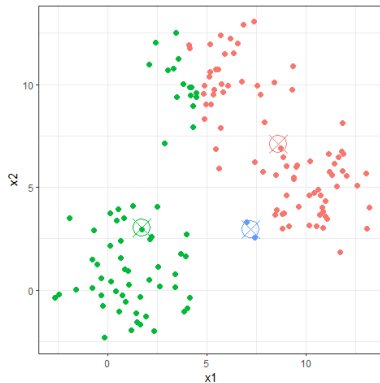


Figure: Iteration 05

# Clustering

An example of the K-Means algorithm

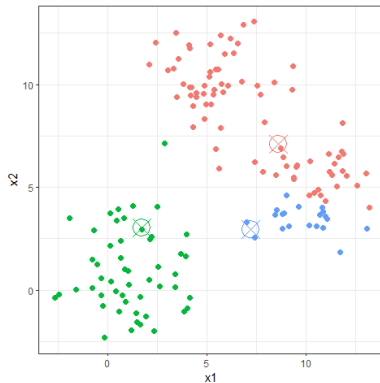


Figure: Iteration 06

# Clustering

An example of the K-Means algorithm

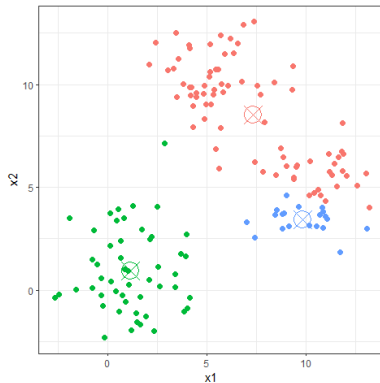


Figure: Iteration 07

# Clustering

An example of the K-Means algorithm

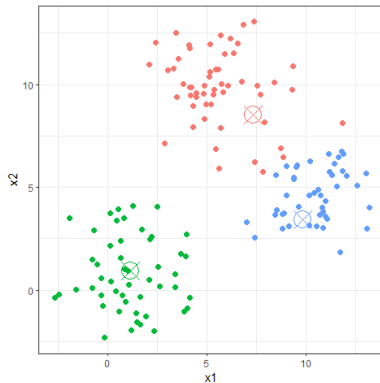


Figure: Iteration 08

# Clustering

An example of the K-Means algorithm

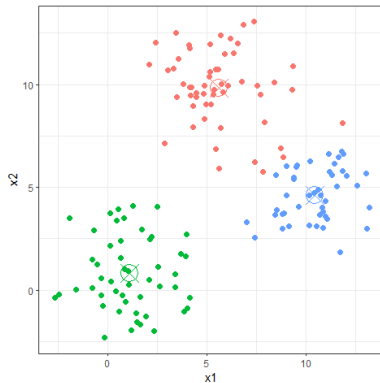


Figure: Iteration 09

# Clustering

An example of the K-Means algorithm

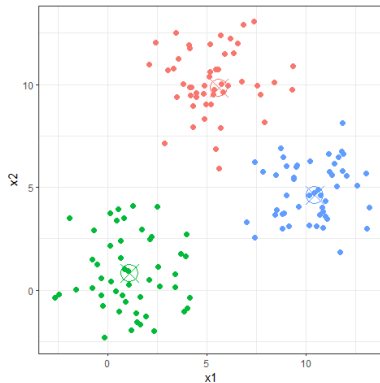


Figure: Iteration 10



# Clustering

An example of the K-Means algorithm

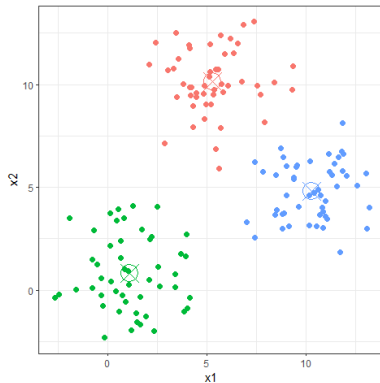


Figure: Iteration 11

# Clustering

An example of the K-Means algorithm



Figure: Iteration 12

# Clustering

An example of the K-Means algorithm



Figure: Iteration 13

# Clustering

## Number of clusters

Prior to running K-Means we need to determine the number of clusters. For some use cases this number may be predetermined by external factors. If the number of clusters is not predetermined, the data itself can indicate the optimal number.

The **total sum of squares** (total variance in the data) and the **within cluster sum of squares** are given by

$$SS_{total} = \sum_{i=1}^n (x_i - \bar{x})^2, \quad \bar{x} = \frac{1}{n} \sum_{i=1}^n x_i, \quad SS_{W_k} = \sum_{i \in C_k} (x_i - \bar{x}_k)^2, \quad \bar{x}_k = \frac{1}{n_k} \sum_{i \in C_k} x_i.$$

Then the **total within sum of squares** becomes  $SS_W = \sum_{k=1}^K SS_{W_k}$ . Using this we can calculate the **percentage of variance explained** as  $PVE = SS_W / SS_{total}$ .

# Clustering

## Number of clusters

We can then use what is called the **elbow method** to determine number of clusters.

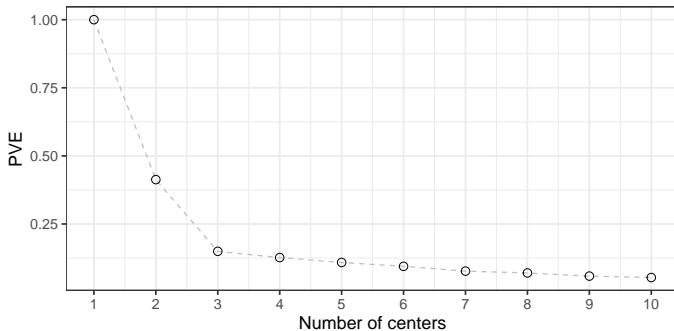


Figure: Scree plot showing the number of clusters against percentage of variance explained.

# Clustering

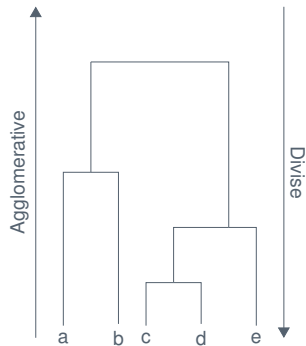
## Hierarchical Clustering



Hierarchical clustering is a method which seeks to build a hierarchy of clusters.

In general there are two approaches to obtain this hierarchy, starting from the bottom or from the top (so to speak):

1. **Agglomerative:** This is the bottom up approach, it starts by having each observation in its own cluster and then it merges the most similar together.
2. **Divise:** This is the top down approach, it start by putting all observations in one cluster and then splits recursively to obtain more and more homogenous clusters.



# Clustering

## Linkages



In order to quantify the similarity between observations we need to establish a dissimilarity measure. However there are many ways to define dissimilarity, or linkage, between groups of observations.

1. **Single:** The smallest pairwise dissimilarity.
2. **Complete:** The largest pairwise dissimilarity.
3. **Average:** The average dissimilarity between observations.
4. **Centroid:** The dissimilarity between centroids of clusters.<sup>1</sup>

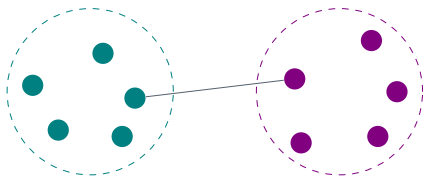
Another consideration is what distance measure to use, typically the Euclidean distance is used, but for other use cases one might opt for the Manhattan distance etc.

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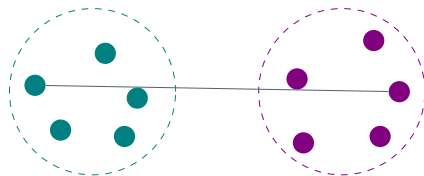
<sup>1</sup>Squared distance can cause inversions as we “create” new data points.

# Clustering

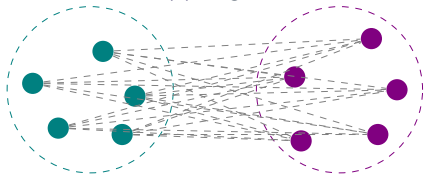
## Linkages



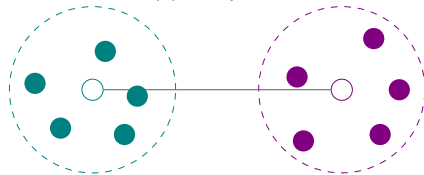
(a) Single.



(b) Complete.



(c) Average.



(d) Centroid.

Figure: The 4 different types of linkages presented on the slide before.



# Clustering

## Linkages



# Shrinkage

## Variable Selection and Regularization



Because it is often cheaper to obtain multiple observations from a few samples than to obtain more samples, thus increasing the number of explanatory variables in a regression model, a linear regression model would be prone to increasing variance.

When extending linear regression to multiple explanatory variables the main objectives is:

- ▶ **Model Interpretability:** Models with fewer variables are often more easy to interpret results from and are therefore better to use for decision making.
- ▶ **Prediction Accuracy:** If by introducing some bias we are able to dramatically improve prediction accuracy, this would be worth considering (bias-variance tradeoff).

# Shrinkage

## Variable Selection and Regularization



There are multiple tools we can use in this pursuit

- ▶ **Subset Selection:** Works by fitting lots of models with different combinations of predictors. Then we can find out which variables are most related to the response and we can select these.
- ▶ **Dimensionality Reduction:** Works by projecting explanatory variables into a smaller dimensional space and use these projections as predictors.
- ▶ **Shrinkage Methods:** Works by fitting a model using all predictors while shrinking coefficients towards zero, to reduce variance. Some shrinkage methods can also perform variable selection by shrinking coefficients to exactly zero.

# Shrinkage

## Variable Selection and Regularization



This presentation will focus on shrinkage methods. The two main shrinkage methods are

- ▶ **Ridge Regression**
- ▶ **Lasso**

They both penalize the “size” of the estimated parameters, however they differ in the way they quantify the “size”. Ridge regression penalizes the  $\ell_2$  norm while Lasso penalizes the  $\ell_1$  norm.

Therefore we can also refer to the two methods as  $\ell_1$ - and  $\ell_2$ -regularizations.

# Shrinkage

## Ridge Regression



The expression that ridge regression looks to minimize is the following

$$\underbrace{\sum_{i=1}^n \left( y_i - \beta_0 - \sum_{j=1}^p \beta_j x_{ij} \right)^2}_{RSS} + \lambda \underbrace{\sum_{j=1}^p \beta_j^2}_{Penalty}, \quad (5)$$

where  $\lambda$  is a parameter that needs to be determined separately, this is usually done by cross validation.

When  $\lambda = 0$  there is no penalty and we are just doing linear regression (OLS). If  $\lambda \rightarrow \infty$  then  $\beta_0$  will approach the mean and  $\beta_j \rightarrow 0$ .

# Shrinkage

## Variable Selection and Regularization

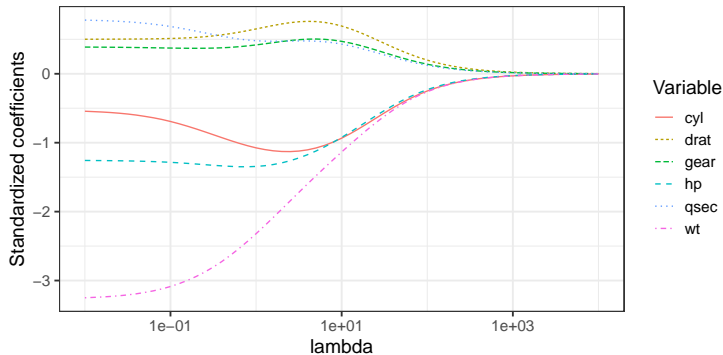


Figure: The effect of  $\lambda$  on coefficients in a ridge regression model for the `mtcars` dataset.

# Shrinkage

## Variable Selection and Regularization



A benefit of ridge regression is that it can be solved analytically, as the minimization problem is

$$RSS(\lambda) = (\mathbf{Y} - \mathbf{X}\beta)^\top (\mathbf{Y} - \mathbf{X}\beta) - \lambda \beta^\top \beta. \quad (6)$$

If we use the above function as the lagrange function, differentiate w.r.t.  $\beta$  and set this equal to zero we find that

$$\hat{\beta}^R = (\mathbf{X}^\top \mathbf{X} + \lambda I)^{-1} \mathbf{X}^\top \mathbf{Y}. \quad (7)$$

It is easy to compute as it is just a closed form expression and we can again observe that for  $\lambda = 0$  we get the OLS estimate.

# Shrinkage

## Lasso



The expression that lasso looks to minimize is the following

$$\sum_{i=1}^n \left( y_i - \beta_0 - \sum_{j=1}^p \beta_j x_{ij} \right)^2 + \lambda \sum_{j=1}^p |\beta_j|,$$

where  $\lambda$ , again, is a parameter that needs to be determined separately.

As opposed to ridge regression, lasso can force coefficients to exactly zero and thereby perform variable selection.



# Shrinkage

## Lasso

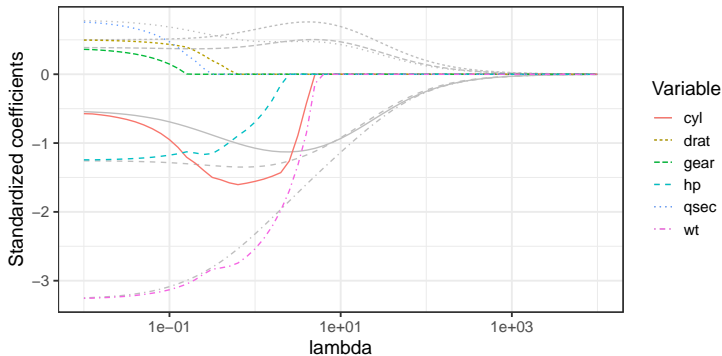


Figure: The effect of  $\lambda$  on coefficients in a lasso regression model for the `mtcars` dataset. Ridge coefficients are included as gray lines for reference.

# Shrinkage

## Lasso



Unlike ridge regression, there does not exist an analytical solution for the lasso estimates. This is because the absolute value is **not** differentiable.

Therefore we must resort to numerical optimization.

For this we can use a method called **coordinate descent**, that works in the following way:

Instead of trying to solve for all parameters at once we will look for a solution one dimension at a time. When we are done with one dimension we go to the next and then iterate through until we converge.

# Shrinkage

## Lasso



For the following computations we will assume that the data have been demeaned so we can disregard  $\beta_0$ .

We then start the coordinate descent by the following minimization problem (orange term is just to simplify computation,  $N$  is the number of observations and  $p$  is the number of variables)

$$\min_{\beta_j} \left\{ \frac{1}{2N} \sum_{i=1}^N \left( y_i - \sum_{j=1}^p x_j \beta_j \right)^2 + \lambda \sum_{j=1}^p |\beta_j| \right\}. \quad (8)$$

Let us define a function  $L$  as

$$L = \frac{1}{2N} \sum_{i=1}^N \left( y_i - \sum_{j=1}^p x_j \beta_j \right)^2 + \lambda \sum_{j=1}^p |\beta_j| \quad (9)$$

# Shrinkage

## Lasso

If we then differentiate w.r.t.  $\beta_k$  we get

$$\frac{\partial L}{\partial \beta_k} = N^{-1} \sum_{i=1}^N \left( y_i - \sum_{j=1}^p x_j \beta_j \right) (-x_k) + \lambda \underbrace{\partial |\beta_k|}_{\text{Subgradient}} \quad (10)$$

$$= N^{-1} \sum_{i=1}^N \left( y_i - \sum_{j \neq k}^p x_j \beta_j - x_k \beta_k \right) (-x_k) + \lambda \partial |\beta_k| \quad (11)$$

$$= N^{-1} \sum_{i=1}^N \left( \text{purple } y_i - \sum_{j \neq k}^p x_j \beta_j \right) (-x_k) + N^{-1} \beta_k \sum_{i=1}^N x_k^2 + \lambda \partial |\beta_k| \quad (12)$$

We can define the purple term as  $r_k = y_i - \sum_{j \neq k}^p x_j \beta_j$  as this is the residual from the model w.o. the  $k$ 'th regressor.

# Shrinkage

## Lasso



We can then write

$$= -N^{-1} \sum_{i=1}^N (r_k x_k) + N^{-1} \beta_k \sum_{i=1}^N x_k^2 + \lambda \partial |\beta_k| \quad (13)$$

$$= -N^{-1} r_k^\top x_k + N^{-1} x_k^\top x_k \beta_k + \lambda \partial |\beta_k|, \quad (14)$$

So now we need to figure out what to do with the **subgradient**.

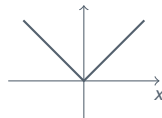
# Shrinkage

## Lasso

As there are lots of lines tangent to the absolute value in zero, we can summarize the subgradient as

$$\lambda \partial |\beta_k| = \begin{cases} -\lambda & \text{if } \beta_k < 0 \\ [-\lambda, \lambda] & \text{if } \beta_k = 0, \\ \lambda & \text{if } \beta_k > 0 \end{cases} \quad (15)$$

for  $\beta_k = 0$  the gradient can take all values between -1 and 1.



(a)  $f(x) = |x|$ .



(b)  $\partial f(x)$ .

Figure: The absolute value and its gradient.

# Shrinkage

## Lasso



This means that we can rewrite the derivative as the following

$$\frac{\partial L}{\partial \beta_k} = \begin{cases} -N^{-1}r_k^\top x_k + N^{-1}x_k^\top x_k \beta_k - \lambda & \text{if } \beta_k < 0 \\ [-N^{-1}r_k^\top x_k - \lambda, -N^{-1}r_k^\top x_k + \lambda] & \text{if } \beta_k = 0 \\ -N^{-1}r_k^\top x_k + N^{-1}x_k^\top x_k \beta_k + \lambda & \text{if } \beta_k > 0 \end{cases} \quad (16)$$

Setting this equal to zero and solving for  $\beta_k$  in the 3 cases gives us the estimates, we take the case  $\beta_k < 0$  as an example

$$\frac{\partial L}{\partial \beta_k} = 0 \Leftrightarrow -N^{-1}r_k^\top x_k + N^{-1}x_k^\top x_k \beta_k - \lambda = 0 \quad (17)$$

$$N^{-1}x_k^\top x_k \beta_k = N^{-1}r_k^\top x_k + \lambda \quad (18)$$

$$\beta_k = (N^{-1}x_k^\top x_k)^{-1} (N^{-1}r_k^\top x_k + \lambda) . \quad (19)$$

# Shrinkage

## Lasso



Note that

$$\beta_k < 0 \quad \Leftrightarrow \quad N^{-1} r_k^\top x_k + \lambda < 0 \quad \Leftrightarrow \quad N^{-1} r_k^\top x_k < -\lambda. \quad (20)$$

Ultimately we find that, these are the values to update parameters by

$$\hat{\beta}_k = \begin{cases} (N^{-1} x_k^\top x_k)^{-1} (N^{-1} r_k^\top x_k + \lambda) & \text{if } N^{-1} r_k^\top x_k < -\lambda \\ 0 & \text{if } -\lambda \leq N^{-1} r_k^\top x_k \leq \lambda, \\ (N^{-1} x_k^\top x_k)^{-1} (N^{-1} r_k^\top x_k - \lambda) & \text{if } N^{-1} r_k^\top x_k > \lambda \end{cases} \quad (21)$$

and we remember that  $r_k$  is the residual from the model w.o. the  $k$ 'th regressor.



# Shrinkage

## Elastic Net



The method is a compromise between Ridge Regression and Lasso as it minimizes

$$\sum_{i=1}^n \left( y_i - \beta_0 - \sum_{j=1}^p \beta_j x_{ij} \right)^2 + \lambda \sum_{j=1}^p (\alpha |\beta_j| + (1 - \alpha) \beta_j^2),$$

note that here we have the additional parameter  $\alpha$  that determines the weighting of the two norms.

# Shrinkage

## Elastic Net

- ▶ The figure illustrates the feasible region, in the case of two variables, on the RSS surface.
- ▶ Most likely the OLS estimate will be somewhere outside the shapes plotted.
- ▶ A lasso estimate is more likely to be at the edges.
- ▶ Elastic net keeps the pointy edges but rounds the sides (depending on  $\alpha$ ).
- ▶ Elastic net performs variable selection like the lasso, but shrinks correlated regressors like ridge.

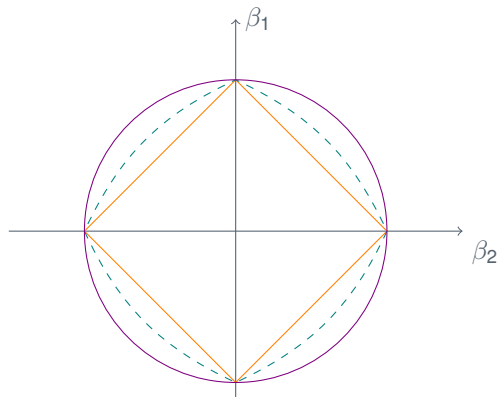


Figure: The feasible region for **ridge**, **lasso** and **elastic net** ( $\alpha = .5$ ).

# Shrinkage

## Scaling of variables



For both shrinkage methods it is important to scale the variables before fitting the model.

Contrary to linear regression where the scaling of variables are absorbed in the coefficients, this will affect the penalty term for both shrinkage methods.

For example if a variable takes very large values it will get a higher penalty than a variable that takes small values, just because of the unit of measurement.

# Classification

## Introduction

If the response variable is categorical (qualitative), i.e. it is of the form  $y \in \{1, \dots, L\}$ . Then a linear model of the form

$$y = \beta_0 + \beta_1 x_1 + \dots + \beta_p x_p,$$

is generally not a good approach to take as it could predict invalid values and for certain types of categorical data there might not be a clear ordering.

Therefore when dealing with categorical variable the aim of the model is to predict the probability that an observation belongs to a certain category, rather than the category itself.

# Classification

## Logistic Regression

To begin with let us assume the simple case that  $y \in \{0, 1\}$  and that we would like to model

$$p(Y = 1|X_i) = p(X_i) = \beta_0 + \beta_1 x_1 + \dots + \beta_p x_p = X_i \mathbb{B}. \quad (22)$$

Given that we know probabilities lie between 0 and 1, we would like to transform the linear function such that the output is between 0 and 1.

The most popular, although there are several, would be the logistic function

$$p(X_i) = \frac{e^{X_i \mathbb{B}}}{1 + e^{X_i \mathbb{B}}}. \quad (23)$$

For  $X_i \beta \rightarrow \infty$  then  $p(X_i) \rightarrow 1$  and for  $X_i \beta \rightarrow -\infty$  then  $p(X_i) \rightarrow 0$ .

# Classification

## Linear Discriminant Analysis (LDA)

Suppose we have a dataset with a response variable  $y \in \{0, \dots, L\}$ , explanatory variables  $x_1, \dots, x_p$  and that we would like to model

$$P(y = k|X) = \underbrace{\frac{P(y = k)P(X|y = k)}{P(X)}}_{\text{Bayes Theorem}} = \frac{\pi_k f_k(x)}{\sum_{i=1}^K f_i(x)}, \quad (24)$$

where  $\pi_k = P(y = k)$  and  $f_k(x) = P(X|y = k)$ .

If we use the proportion of observations in the dataset that belong to class  $k$  as an estimate for  $\pi_k$ , then we just need to model  $f_k(x) = P(X|y = k)$ .

In other words we need to make some assumption on the distribution of  $f_k(x)$ .

# Classification

## Linear Discriminant Analysis (LDA)

The assumption made in LDA is that each  $f_k(x)$  come from a multivariate normal distribution, i.e.

$$f_k(x) = \frac{1}{(2\pi)^{p/2} |\Sigma_k|^{1/2}} \exp \left\{ -\frac{1}{2} (x - \mu_k)^\top \Sigma_k^{-1} (x - \mu_k) \right\}. \quad (25)$$

Another assumption made in LDA is that  $\Sigma_k = \Sigma \forall k \in \{1, \dots, K\}$ , in other words all classes will have the same variance-covariance matrix.

# Classification

## Linear Discriminant Analysis (LDA)

When we classify a new observation,  $X_0$ , we simply find the category with the highest probability,  $P(y = k|X_0)$  for  $k = 1, \dots, K$ .

In other words we want to find the  $k$  such that  $P(y = k|X)$  is maximized. Since the logarithm is an increasing function we know that the  $k$  which maximizes  $P(y = k|X)$  also maximizes the following

$$\log(P(y = k|X)) = \log(\pi_k) + \log(f_k(x)) - \underbrace{\log\left(\sum_{i=1}^K \pi_i f_i(x)\right)}_{\text{Does not depend on } k}, \quad (26)$$

The last term is identical across categories and we drop this term for the maximization problem.



# Classification

## Linear Discriminant Analysis (LDA)

So now we have the following

$$\log(\pi_k) + \log(f_k(x)), \quad (27)$$

but let us take a look at the second term. By the normality assumption we have that

$$f_k(x) = \frac{1}{(2\pi)^{p/2} |\Sigma|^{1/2}} \exp \left\{ -\frac{1}{2} (x - \mu)^\top \Sigma^{-1} (x - \mu_k) \right\}. \quad (28)$$

Thus we can write (27) as

$$\log(\pi_k) + \underbrace{\log((2\pi)^{p/2} |\Sigma|^{1/2})}_{\text{Does not depend on } k} - \frac{1}{2} (x - \mu)^\top \Sigma^{-1} (x - \mu_k), \quad (29)$$

and subsequently drop another term that is identical across categories.

# Classification

## Linear Discriminant Analysis (LDA)

So now we have the following

$$\log(\pi_k) - \frac{1}{2}(x - \mu)^{\top} \Sigma^{-1}(x - \mu_k), \quad (30)$$

again taking a look at the second term

$$(x - \mu_k)^{\top} \Sigma^{-1}(x - \mu_k) = \underbrace{x^{\top} \Sigma^{-1} x}_{\text{Does not depend on } k} - x^{\top} \Sigma^{-1} \mu_k - \mu_k^{\top} \Sigma^{-1} x + \mu_k^{\top} \Sigma^{-1} \mu_k, \quad (31)$$

and furthermore we have that  $x^{\top} \Sigma^{-1} \mu_k = \mu_k^{\top} \Sigma^{-1} x$  because both are scalars and one is just the transpose of the other.

# Classification

## Linear Discriminant Analysis (LDA)

So we end up with the following expression, which is called the **linear discriminant function**

$$\delta_k(x) = \log(\pi_k) + x^\top \Sigma^{-1} \mu_k - \frac{1}{2} \mu_k^\top \Sigma^{-1} \mu_k, \quad (32)$$

this is what we will use to classify observations. Note the expression is linear in  $x$  and therefore we call it linear discriminant analysis.

# Classification

## Linear Discriminant Analysis (LDA)

In practice the parameters are estimated by

$$\hat{\pi}_k = \frac{n_k}{n}, \quad \hat{\mu}_k = \frac{1}{n_k} \sum_{y_i=k} x_i, \quad \hat{\Sigma} = \frac{1}{n-K} \sum_{k=1}^K \sum_{y_i=k} (x_i - \hat{\mu}_k)(x_i - \hat{\mu}_k)^{\top}, \quad (33)$$

i.e. the proportion of observations in class  $k$ , the mean for class  $k$  and the mean of the variances respectively.

# Classification

## Quadratic Discriminant Analysis (QDA)

Imagine now that we relax the LDA assumption that  $\Sigma_k = \Sigma \forall k \in \{1, \dots, K\}$  and allow classes to have their own variance-covariance matrix.

This implies that some of the simplification we performed before no longer holds and the discriminant function will now take the form

$$\delta_k(x) = -\frac{1}{2}x^\top \Sigma_k x + \log(\pi_k) + x^\top \Sigma_k^{-1} \mu_k - \frac{1}{2} \mu_k^\top \Sigma_k^{-1} \mu_k - \frac{1}{2} \log |\Sigma_k|, \quad (34)$$

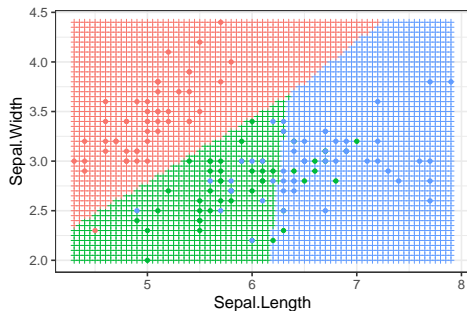
note that first term is quadratic in  $x$ .

Another difference in the estimation of the covariance matrices, because we relaxed the assumption we must estimate a variance-covariance matrix for each class

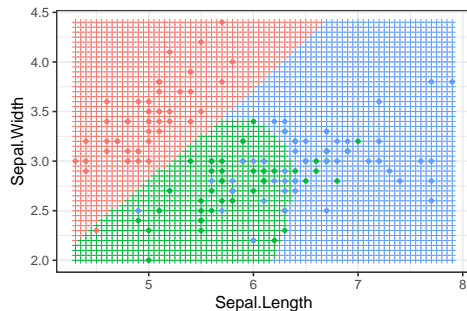
$$\hat{\Sigma}_k = \frac{1}{n_k - 1} \sum_{y_i=k} (x_i - \hat{\mu}_k)(x_i - \hat{\mu}_k)^\top. \quad (35)$$

# Classification

Example using the Iris dataset



(a) LDA classification regions.



(b) QDA classification regions.

**Figure:** Classification regions for LDA and QDA performed on the *Iris* dataset, considering only the variables *sepal width* and *sepal length*. Note that the LDA boundaries are linear while QDA include a non-linear boundary.

# Classification

Example using Auto dataset

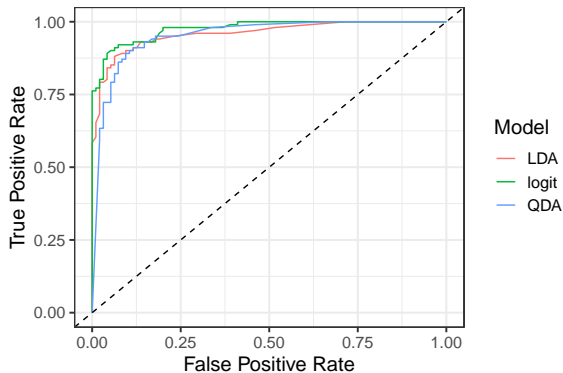


Figure: ROC curves for 3 models on the *auto* dataset from the ISLR package. We are predicting whether a car have mpg above the median using displacement, weight, year and horsepower.

# Classification

## Naive Bayes

The (Naive) Bayes classifier is an example of a parametric classifier (meaning that the number of parameters is fixed), it builds on Bayes theorem

$$P(Y = i|X) = \frac{P(Y = i)P(X|Y = i)}{P(X)}. \quad (36)$$

New data is then assigned to the class with the highest probability given the explanatory variables

$$\hat{Y} = \arg \max_i P(Y = i)P(X|Y = i). \quad (37)$$

This means that there are two things we need to model, the first is  $P(Y = i)$ , but this is simply modelled by the proportions of the dataset.



# Classification

## Naive Bayes

The second one is  $P(X|Y = i)$ , note that  $X$  is a  $p$ -dimensional vector, making the distribution multivariate.

However as estimating multivariate distribution requires lots of computation and suffers from the curse of dimensionality, an assumption in Naive Bayes is that  $X$  is independent between classes

$$P(X|Y_i) = P(X_1|Y)P(X_2|Y) \cdots P(X_p|Y). \quad (38)$$

With this assumption we can rewrite

$$P(X|Y = i) = \prod_{j=1}^p P(X_j|Y = i), \quad (39)$$

which enables us to estimate all marginal (univariate) distributions one by one.

# Classification

## Naive Bayes

Typically the we assume that the ditributions are normal, but we can also use others and even seperate distributions for each explanatory variable.

In the case of normally distributed variables we only need to estimate the mean and variance as  $X_j|Y = i \sim N(\mu_{j,i}, \sigma_{j,i}^2)$ , where we use the usual estimates

$$\mu_{j,i} = \frac{1}{N_i} \sum_{x_k|y_k=i} x_{j,i}, \quad \sigma_{j,i}^2 = \frac{1}{N_i} \sum_{x_k|y_k=i} (x_{j,i} - \mu_{j,i})^2. \quad (40)$$

Despite the assumption of independence the method tends to work well in practice, although if the assumption is clearly not true we will get biased estimator.

# Trees

## Introduction



Tree-based methods are supervised learning methods which can be used for both regression and classification.

They work by segmenting the space into a number of simple regions and then, typically, use the mean of the region to make predictions.

Because the segmentation of the space can be summarized in a tree, we call these methods tree-based.

# Trees

## Classification and Regression Trees (CART)

The purpose of the CART algorithm is to decide on the split points. This is done in a greedy way one split at a time, as the task of checking all possible combinations of splits would be computationally infeasible.

We look for split points by solving (here we assume that the loss function in the  $\ell_2$  norm)

$$\min_s \left[ \min_{c_1} \sum_{x_i < s} (y_i - c_1)^2 + \min_{c_2} \sum_{x_i \geq s} (y_i - c_2)^2 \right],$$

so we wish to find a split point  $s$  that minimizes the loss function on either side. Recall that

$$\tilde{y}_1 = \min_{c_1} \sum_{x_i < s} (y_i - c_1)^2 \text{ and } \tilde{y}_2 = \min_{c_2} \sum_{x_i \geq s} (y_i - c_2)^2.$$

Where  $\tilde{y}_1$ ,  $\tilde{y}_2$  are the means for  $y_i$  such that  $x_i < s$  and  $x_i \geq s$  respectively.

# Trees

## Classification and Regression Trees (CART)

The split points we find produces basis functions  $b_1(x) = I(x_i < s)$  and  $b_2(x) = I(x_i \geq s)$ , which would be equivalent to fitting the model

$$y_i = \beta_1 b_1(x_i) + \beta_2 b_2(x_i). \quad (41)$$

Next step is to repeat the same procedure in the new regions, that is we find the best split points in each of the new regions and the choose the best.

We do this until hit some predetermined stopping criteria, could be minimum number of observations in each region, not enough increase in fit etc.

# Trees

## Classification and Regression Trees (CART)

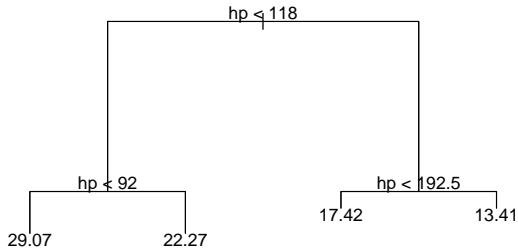


Figure: A decision tree explaining *miles per gallon* by *horsepower*.

# Trees

## Classification and Regression Trees (CART)

For the univariate case it is pretty straight forward, but what if we have more variables?

It is still pretty straightforward, so the idea is to obtain possible cuts for each variable and then choose the best. Then we get two regions and we repeat the same procedure in each. This method is called **recursive binary splitting**.

Formally this can be expressed as, first defining regions

$$R_1(j, s) = \{X | X_j < s\}, \quad R_2(j, s) = \{X | X_j \geq s\}, \quad (42)$$

then finding the cutpoint amounts to solving

$$\min_{j, s} \left[ \sum_{\{i | x_i \in R_1(j, s)\}} (y_i - \tilde{y}_{R_1})^2 + \sum_{\{i | x_i \in R_2(j, s)\}} (y_i - \tilde{y}_{R_2})^2 \right]. \quad (43)$$

# Trees

## Classification and Regression Trees (CART)

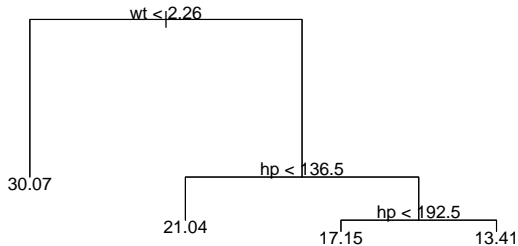


Figure: A decision tree explaining *miles per gallon* by *horsepower* and *weight*.



# Trees

## Pruning



The next thing we need to consider is whether we are stopping at the **right** time.

1. In general a **larger tree** would fit the data better, but may have **high variance**.
2. Whereas a **smaller tree** may not fit the data well, and thereby have **high bias**.

To deal with the bias-variance tradeoff we do what is called **pruning**. In order to perform the pruning we need a large tree, the pruning part is then to find the subtree that leads to the lowest generalization (out-of-sample) error.

One way is to go through all subtrees, but this will not scale to large trees.

To do this in a more time sensible manner we use a greedy approach, this is called **weakest link pruning** and works by always pruning the cheapest split (in terms of the loss).

# Trees

## Pruning



This is done by minimizing (for  $\alpha \geq 0$ )

$$C_{\alpha}(T) = \sum_{m=1}^{|T|} \sum_{\{i | x_i \in R_m\}} (y_i - \hat{y}_{R_m})^2 + \alpha |T|, \quad (44)$$

where  $|T|$  denotes the number of leafs and  $R_m$  is the region corresponding the  $m$ 'th leaf.

- ▶ The orange term relates to **how well we fit the data**,
- ▶ The purple term is a **penalty of the complexity**.

# Trees

## CART Algorithm



The algorithm of CART can be described by the following steps;

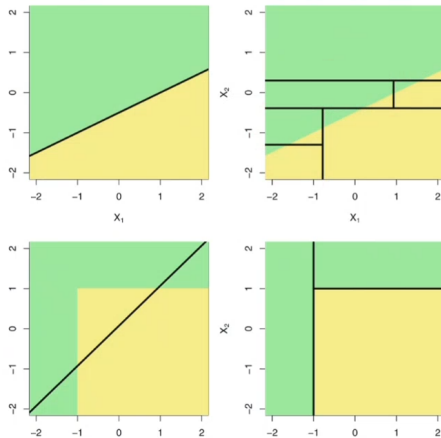
1. Use **recursive binary splitting** to grow a large tree on the training data, stopping only when each terminal node has fewer than some minimum number of observations.
2. Apply **weakest link pruning** to the large tree in order to obtain a sequence of best subtrees as a function of  $\alpha$ .
3. Use  $K$ -fold cross-validation to choose  $\alpha$ .
4. Return the **subtree from step 2**, that corresponds to the chosen value of  $\alpha$ .

To use CART for classification we need to choose a proper loss function, could be missclassification error, Gini index, cross-entropy etc.

# Trees

## Comparing Linear Regression and CART

- So how do CART compare to linear regression?
- Well it depends on the data.



# Trees

## Comparing Linear Regression and CART

Consider the following model (non-binary)

$$y = 1 + 2x_1 + 3x_2 + \varepsilon, \quad (45)$$

where  $x_1, x_2 \sim N(0, 1)$  and  $\varepsilon \sim N(0, 1/2)$ . We can then introduce the variables  $\tilde{x}_1, \tilde{x}_2$  given by

$$\tilde{x}_1 = \begin{cases} 1 & \text{for } x_1 > 0 \\ 0 & \text{for } x_1 \leq 0 \end{cases}, \quad \tilde{x}_2 = \begin{cases} 1 & \text{for } x_2 > 0 \\ 0 & \text{for } x_2 \leq 0 \end{cases}, \quad (46)$$

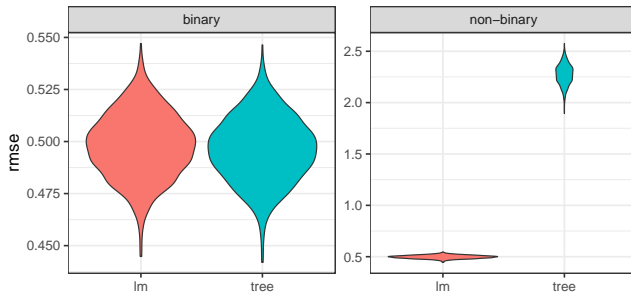
and propose a separate model (binary)

$$\tilde{y} = 1 + 2\tilde{x}_1 + 3\tilde{x}_2 + \varepsilon. \quad (47)$$

We can then compare how the CART algorithm compares to linear regression on both the binary and non-binary model.

# Trees

## Comparing Linear Regression and CART



**Figure:** Comparing linear regression (`lm` from base R) and CART (`tree` from the `tree` package) on 1000 repetitions of 500 observations. We see that when the data is generated from a step function it's a tie between `tree` and `lm`, but when the data is linear the CART understandably struggles compared to linear regression.

# Trees

## Summary of CART

In general the procedure is simple and easy to interpret, handles categorical variables, perform variable selection.

Unfortunately it is also unstable, meaning a few observations can dramatically impact the outcome of the model.

There exists several methods to overcome these disadvantages

1. **Bagging**
2. **Random Forest**
3. **Boosting**

# Trees

## Bagging



Bagging (Bootstrap Aggregation) is a method used to **reduce the variance** of an algorithm.

This is done by taking a number of random samples with replacement (**bootstrap samples**) from the dataset and the fitting a tree on each of the samples.

Formally we calculate  $B$  trees,  $\hat{f}^1(x), \hat{f}^2(x), \dots, \hat{f}^B(x)$ , using separate bootstrap samples. Then to get the final prediction we take either the **average** or a **majority vote**

$$\hat{f}_{avg}(x) = \frac{1}{B} \sum_{j=1}^B \hat{f}^j(x), \quad \hat{f}_{avg}(x) = \arg \max_k \sum_{j=1}^B \mathbf{1}(\hat{f}^j(x) = k). \quad (48)$$

The parameter  $B$  is not critical as increasing it will not lead to overfitting.



# Trees

## Bagging



Bagging gets improved accuracy when compared to a single tree, but we lose the interpretability we have with a single tree and we need to resort to measures of variable importance when trying to determine the important variables.

Variance is reduced because of the averaging, but as much of the data is shared between samples the predictions will be highly dependent. So one could imagine reducing the variance even more if we could obtain less dependent predictions.

This is the idea behind the next method **Random Forest**.

# Trees

## Random Forest



In the case of a **single strong predictor in the dataset**, most or all of the trees obtained from bagging would split on this variable first and most **trees would be quite similar**.

The basic principle is the same as in bagging, the difference is that when constructing a new tree we take a **random sample of the predictors**, of size  $m$ , to use in the construction.

Note that if we have  $p$  predictors and  $m = p$  we get bagging, so we could interpret bagging as random forest but selecting all predictors each time.

# Trees

## Boosting



- ▶ The last method is fundamentally different from the other two.
- ▶ There are no chance, instead we try to iteratively improve the fit.
- ▶ Number of trees  $B$  is related to the shrinkage  $\lambda$ .
- ▶ The parameter  $d$  controls the complexity of the trees in the ensemble, often a small number, like  $d = 1$  is sufficient.
- ▶ Risk of overfitting with too large  $B$  or too low  $\lambda$ , can be controlled with cross validation.

1. Set  $\hat{f}(x) = 0$  and  $r_i = y_i$  for all  $i$  in the training set.
2. For  $b = 1, 2, \dots, B$  repeat

- 2.1 Fit a tree  $\hat{f}^b$  with  $d$  splits to the training data  $(X, r)$

- 2.2 Update  $\hat{f}$  by adding in a shrunk version of the new tree:

$$\hat{f}(x) \leftarrow \hat{f}(x) + \lambda \hat{f}^b(x).$$

- 2.3 Update the residuals,

$$r_i \leftarrow r_i - \lambda \hat{f}^b(x_i).$$

3. Output the boosted model

$$\hat{f}(x) = \sum_{b=1}^B \lambda \hat{f}^b(x)$$

# Support Vector Machines

## Optimal Separating Hyperplanes

The idea behind optimal separating hyperplanes is to find a hyperplane, in the span of the explanatory variables, such that observations from different categories lie on different sides of the hyperplane.

If we let  $X_1, \dots, X_p$  be explanatory variables for a binary response variable and define scalars  $\beta_0, \beta_1, \dots, \beta_p$ . When then define a hyperplane by points that satisfy

$$\beta_0 + \beta_1 X_1 + \dots + \beta_p X_p = 0. \quad (49)$$

As the coding for the two classes is arbitrary we can let the response variable  $y \in \{-1, 1\}$ .

# Support Vector Machines

## Optimal Separating Hyperplanes

Then we look for  $\beta_0, \beta_1, \dots, \beta_p$  such that all observations with  $y_i = -1$  are on one side and vice versa. More formally this means that we seek coefficients s.t.

$$\beta_0 + \beta_1 x_{i1} + \dots + \beta_p x_{ip} > 0 \text{ if } y_i = 1, \quad (50)$$

$$\beta_0 + \beta_1 x_{i1} + \dots + \beta_p x_{ip} < 0 \text{ if } y_i = -1. \quad (51)$$

Giving the encoding we use this can be simplified to

$$y_i (\beta_0 + \beta_1 x_{i1} + \dots + \beta_p x_{ip}) > 0. \quad (52)$$

Note that if we find such a hyperplane, it would entail that there exists an infinite amount of them. But then how do we find the **best**.

# Support Vector Machines

## Optimal Separating Hyperplanes

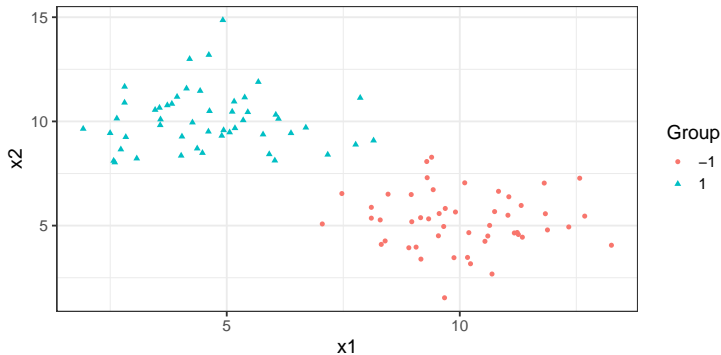


Figure: Data that can be separated by a hyperplane, but it is not clear which one to use.

# Support Vector Machines

## Optimal Separating Hyperplanes

Before we can find the **best** hyperplane, we need to decide what we mean by that. A common criteria is the hyperplane that is **farthest away from the observations**.

Finding the hyperplane that is farthest away from all observations amounts to finding the hyperplane that is farthest from the observation that closest to it. This smallest distance from an observation to the hyperplane is called the **margin**. In other words we look for the hyperplane with **maximal margin**.

Finding the maximal margin is equivalent to solving

$$\min_x \|x - x_0\| \text{ subject to } \beta_0 + \beta_1 x_{i1} + \dots + \beta_p x_{ip} = 0. \quad (53)$$

It can be shown that the solution is the **orange term** and  $M$  is the margin

$$M = M(\beta_0, \beta_1, \dots, \beta_p) = \min_{\{(x_{1i}, \dots, x_{pi})_{i=1}^n\}} \frac{\beta_0 + \beta_1 x_{1i} + \dots + \beta_p x_{pi}}{(\beta_1^2 + \dots + \beta_p^2)^{1/2}}. \quad (54)$$

# Support Vector Machines

## Optimal Separating Hyperplanes

Finding then the **maximal hyperplane** can formally be written as

$$\max_{\beta_0, \beta_1, \dots, \beta_p} M \quad (55)$$

s.t.

$$\underbrace{\sum_{j=1}^p \beta_j^2 = 1}_{\text{identification}}, \quad \underbrace{y_i(\beta_0 + \beta_1 x_{i1} + \dots + \beta_p x_{ip}) \geq M}_{\text{ensure observations are on the correct side}} \quad \forall i \quad (56)$$

Note that the hyperplane **only** depends on the observations that are close to it, namely the observations whose distance to the hyperplane is equal to the margin. These observations are called **support vectors**.



# Support Vector Machines

## Optimal Separating Hyperplanes

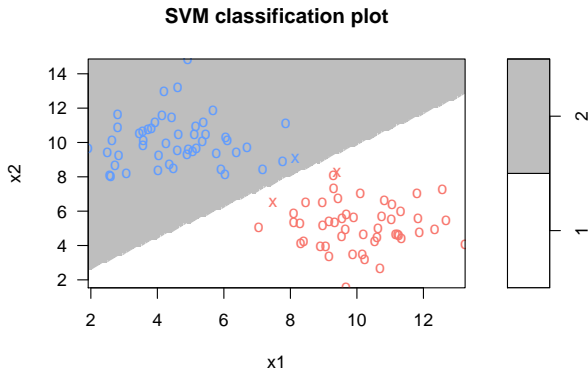


Figure: Maximal hyperplane with support vectors marked with x and observations with o.

# Support Vector Machines

## Optimal Separating Hyperplanes



A big assumption in this framework is that a separating hyperplane exists, but in many cases it is not possible to perfectly separate groups and therefore the method cannot be used in these scenarios.

This leads us to the next topic **support vector classifiers**.

# Support Vector Machines

## Support Vector Classifier

Insted of using a **hard margin**, as with optimal seperating hyperplanes, support vector classifiers uses a **soft margin**. This means that we allow for **some misclassifications**.

Formally what we want to do is

$$\max_{\beta_0, \beta_1, \dots, \beta_p, \epsilon_1, \dots, \epsilon_n} M \quad (57)$$

s.t.

$$\sum_{j=1}^p \beta_j^2 = 1, \quad y_i(\beta_0 + \beta_1 x_{i1} + \dots + \beta_p x_{ip}) \geq M(1 - \epsilon_i) \quad \forall i, \quad (58)$$

$$\epsilon_i \geq 0 \quad \forall i, \quad \sum_{j=1}^n \epsilon_j \leq C, \quad (59)$$

where  $C$  is a tuning parameter.

# Support Vector Machines

## Support Vector Classifier

If  $\varepsilon_i = 0$ , we get the condition from the maximal margin classifier at most on the margin and in the correct group.

If  $1 > \varepsilon_i > 0$  the observation is inside of the margin as the distance to the hyperplane is strictly less than  $M$ .

If  $\varepsilon_i > 1$  the observation is in the wrong group. The restriction changes sign.

The support vectors are observations with  $\varepsilon_i > 0$ .

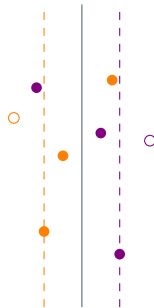


Figure: Illustration of the different possible scenarios of  $\varepsilon_i$ .

# Support Vector Machines

## Support Vector Classifier

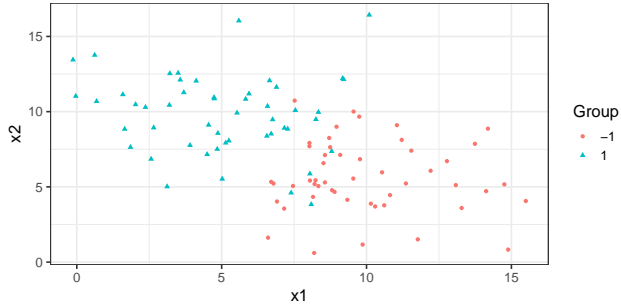


Figure: Overlapping that cannot be perfectly separated by a hyperplane.

# Support Vector Machines

## Support Vector Classifier

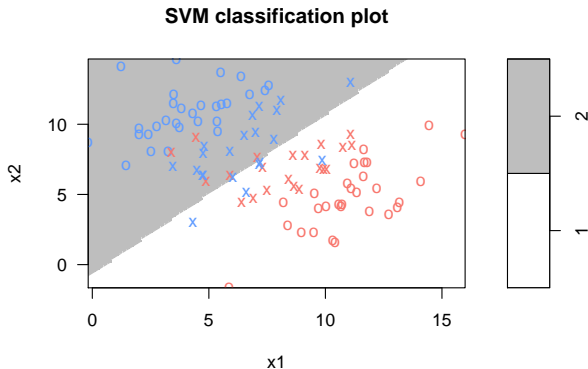


Figure: The result from a support vector classifier, many more support vectors (wider margin).



# Support Vector Machines

## Support Vector Machines

**Support vector machines** extends the support vector classifier by allowing **non linear** specifications.

In other words we can add transformations of the data to extend the space in which we are searching for the hyperplane. An example could be adding **polynomial terms**.

The model is still **linear in the transformed variables**, but we are looking for hyperplanes in a higher dimension.

Instead of figuring out what transformation of variables should be used case by case, SVM's use the trick that relates to the optimization problem that is solved.

Without getting too much into it I can say that SVC's use cross-products as a similarity measure between observations (linear kernel). SVM's extend to other **kernels**.

# Support Vector Machines

## Support Vector Machines

A kernel is a function that quantifies the similarity between observations. There are many possible kernels to use such as

- ▶ **Polynomial kernel** -  $K(x_i, x_j) = (1 + \sum_{k=1}^p x_{ik}x_{jk})^d$
- ▶ **Radial kernel** -  $K(x_i, x_j) = \exp(-\gamma \sum_{k=1}^p (x_{ik} - x_{jk})^2)$
- ▶ **Sigmoid kernel** -  $K(x_i, x_j) = \tanh(\kappa \sum_{k=1}^n (x_{ik}x_{jk}) + c)$

The different kernel all have their own parameter(s) that need to be tuned in order to get the best performance.



# Support Vector Machines

## Support Vector Machines

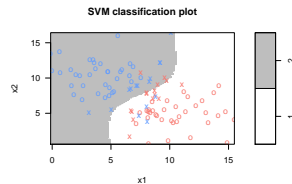
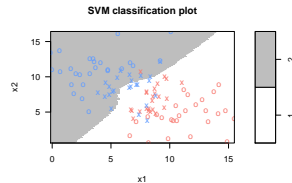


Figure: From the top right; linear, polynomial, radial, sigmoid.



# Support Vector Machines

## Support Vector Machines

Even though segmentation look non-linear, we note that it is linear in a higher dimensional space we are just not able to see on the plot.

Lastly we can note that the more support vectors there are the more bias, but less variance there are. Remember that this was directly related to  $C$  parameter, that dictates how wide the margin is.

So **small**  $C$  will give low bias (allow only a few misclassifications) but high variance, where as **large**  $C$  will give high bias (allow more misclassifications) but lower variance.

By choosing the loss function appropriately SVM's can also be used for regression.

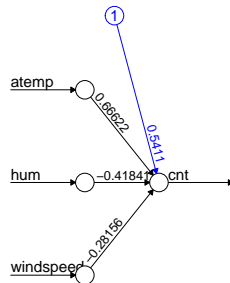
# Neural Networks

## Perceptron

The most basic form of a neural network is the **perceptron**.

There are an **input node** for each **explanatory variable**, the bias term (intercept) and then there are a **single output node**.

A weight is assigned to each of the input nodes and then the **linear combination** of weights times input is fed to the **activation function** in the output layer. For regression we can just use the linear combination.



Error: 7.751718 Steps: 575

Figure: Perceptron made from the bike sharing dataset.

# Neural Networks

## Perceptron



The weights are determined, or learned using a loss function and an iterative approach

$$w_i^{\text{new}} = w_i^{\text{old}} - \eta \frac{\partial L}{\partial w_i} \quad (60)$$

# Neural Networks

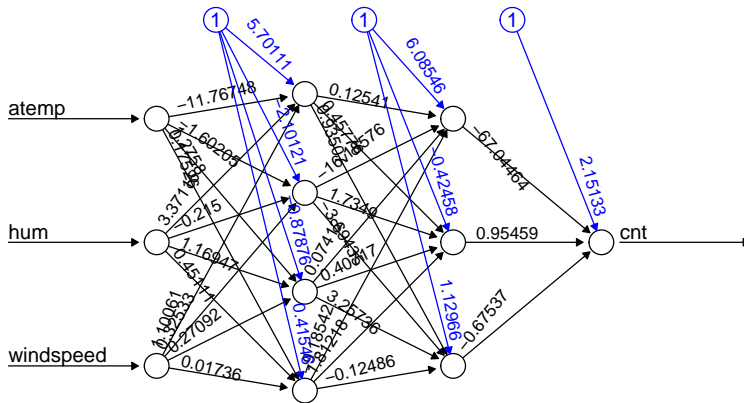
## Perceptron



**Backpropagation:** For a given loss function  $L$  we look for  $\frac{\partial L}{\partial w_i}$ . We start with initial values for the weights, which we shall denote  $w_{old}$ . Then we update the weights by  $w_{new} = w_{old} - \eta \frac{\partial L}{\partial w}$ . One iteration is called an **epoch**.

# Neural Networks

## Perceptron



Error: 5.868632 Steps: 72377

# Neural Networks

## Perceptron

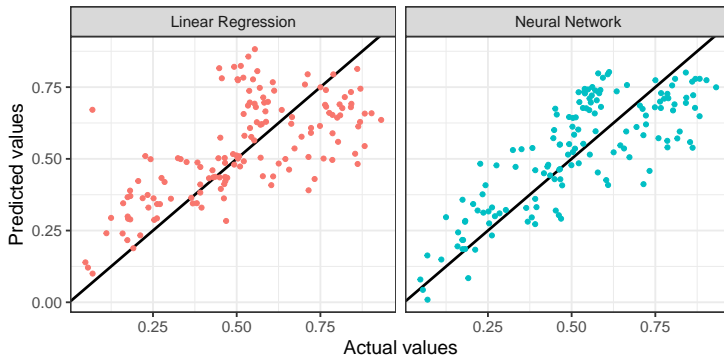


Figure: Comparing linear regression (test RMSE=.133) and a neural network (test RMSE=.166) on the bike sharing dataset.

